



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

April 18, 2019

Mr. Jamie Schlottman, CEO
Louisiana Healthcare Connections
8585 Archives Avenue, 3rd Floor
Baton Rouge, LA 70809

RE: Notice of Monetary Penalty for Louisiana Healthcare Connections – Ownership Disclosure Exclusion Screenings

Dear Jamie:

By Notice of Action dated November 21, 2018, Louisiana Healthcare Connections (LHCC) was notified of its failure to provide evidence of its compliance with federal regulations and its contract with LDH related to ownership exclusion screenings. The contract provides:

15.3.4. The MCO and its subcontractors shall comply with all applicable provisions of 42 CFR §438. 608 and 438.610 pertaining to debarment and/or suspension including written disclosure to LDH of any prohibited affiliation. The MCO and its subcontractors shall screen all employees, contractors, and network providers to determine whether they have been excluded from participation in Medicare, Medicaid, the Children's Health Insurance Program, and/or any federal health care programs. To help make this determination, the MCO shall conduct screenings to comply with the requirements set forth at 42 CFR §455.436.

42 CFR 455.436. provides:

Federal database checks. The State Medicaid agency must do all of the following:

- (a) Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.

Additional applicable contract provisions provide:

15.3.5. The MCO shall search the following websites:

- Office of Inspector General (OIG) List of Excluded Individuals/Entities (LEIE);
- Louisiana Adverse Actions List Search;
- The System of Award Management (SAM); and
- Other applicable sites as may be determined by LDH

15.3.6. The MCO and its subcontractors shall conduct a search of these websites monthly to capture exclusions and reinstatements that have occurred since the previous search. Any and all exclusion information discovered should be reported to LDH within three (3) business days. Any individual or entity that employs or contracts with an excluded provider/individual cannot claim reimbursement from Medicaid for any items or services furnished, authorized, or prescribed by the excluded provider or individual. This is a prohibited affiliation. This prohibition applies even when the Medicaid payment itself is made to another provider who is not excluded. For example, a pharmacy that fills a prescription written by an excluded provider for a Medicaid beneficiary cannot claim reimbursement from Medicaid for that prescription. Civil monetary penalties may be imposed against providers who employ or enter into contracts with excluded individuals or entities to provide items or services to Medicaid beneficiaries. See Section 1128A (a) (6) of the Social Security Act and 42 CFR §1003.102(a)(2).

15.3.7. The MCO, through its Contract Compliance Officer, shall attest monthly to LDH that a search of the websites reference in Section 15.3.5 has been completed to capture all exclusions.

On September 7, 2018, in an email to LDH's Medicaid Program Operations and Compliance Section, LHCC reported the discovery of a number processing errors, which resulted in a significant backlog in the exclusion screening of provider ownership disclosures, which could date back to early 2016. During an internal review of the disclosure form process, LHCC discovered that there were disclosure forms that had not been processed during disclosure-form-processing workflow. Despite this discovery of unscreened forms with 2016 dates and being fully aware of the backlog since September 7, 2018, LHCC continued to attest each month that it was properly conducting the screening and was therefore in compliance with the requirements set forth in 42 CFR §455.436. LDH's Notice of Action provided the opportunity for LHCC to confirm or withdraw its screening attestations (Report 148) provided for the months of September and October of 2018. In response to the Notice of Action, LHCC stated it "would like to withdraw the attestation provided for those months (September and October) until the complete backlog of ownership and management information has been identified and exclusion screened."

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Despite having knowledge of this screening backlog, LHCC provided false attestations for September and October 2018, wherein they claimed to be performing the exclusion screenings required by the contract with LDH and federal regulations.


LHCC's actions amount to a violation of the contract provisions cited herein, which carries a monetary penalty per occurrence per calendar day of non-compliance of \$2,000, as outlined in Section 20.3 of the contract between LHCC and LDH, as follows:

Standing and Ad Hoc Reports	Two thousand dollars (\$2,000.00) per calendar day that a report is late or incorrect.
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Notice is hereby given that a monetary penalty in the amount of \$122,000 (61 days) will be retained from the next monthly payment made to LHCC. In addition, LHCC shall re-submit no later than 5:00 p.m. on April 29, 2019, its monthly Report 148 attestation for any month in which exclusion screenings of providers' ownership and managing employees were not being performed as identified in its investigation of this matter.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Stacy Guidry

Section Chief, Medicaid Program Operations and Compliance

SG/lj

cc: Rebecca Hebert
Marisa Naquin
Jen Steele
Kim Sullivan
Christina Wilson
LHC2-15